

Purdue University

Purdue e-Pubs

Historical Documents of the Purdue
Cooperative Extension Service

Department of Agricultural Communication

1-1-1900

Demand and the Food Price Picture

Purdue University Cooperative Extension Service

Follow this and additional works at: <https://docs.lib.purdue.edu/agext>

Food Prices & You

Purdue University Cooperative Extension Service, "Demand and the Food Price Picture" (1900). *Historical Documents of the Purdue Cooperative Extension Service*. Paper 646.
<https://docs.lib.purdue.edu/agext/646>

For current publications, please contact the Education Store: <https://mdc.itap.purdue.edu/>

This document is provided for historical reference purposes only and should not be considered to be a practical reference or to contain information reflective of current understanding. For additional information, please contact the Department of Agricultural Communication at Purdue University, College of Agriculture: <http://www.ag.purdue.edu/agcomm>

This document has been made available through Purdue e-Pubs, a service of the Purdue University Libraries. Please contact epubs@purdue.edu for additional information.

Consumer preferences change

Here is an example of how consumer food preferences are changing in favor of processed foods:

	Pounds eaten per person	
	1950	1972
Fresh vegetables	97	91
Processed vegetables	45	62

And, an example of how price — and sometimes dietary considerations — can affect food preferences:

	Pounds eaten per person	
	1950	1972
Butter	10	5
Margarine	6	11

This illustrates how consumer desires to upgrade the quality of foods can influence food consumption:

	Percent of pigs sold	
Government grade	1960-61	1967-68
U.S. No. 1 (lean)	33	50
U.S. No. 3 (fat)	26	12

And, finally, here is a dramatic example of changing consumer tastes for beverages:

	Gallons consumed per person	
	1949	1970
Milk	40	34
Coffee	33	35
Soft Drinks	10	23

U.S. diet shifting

Thus, the U.S. consumer's diet is anything but stagnant. Food preferences change with income, age of the population, vocational interests, urbanization, and ownership of household appliances. No doubt, even more dramatic changes in food consumption can be expected in the future.

The effect of these changes on farm and food sales over the past 25 years can be summarized:

- Consumers eating more — Beef, poultry, non-fat dry milk, margarine
- About the same — Potatoes, lamb, pork, tomatoes, sugar
- Consumers eating less — Flour, eggs, fluid milk, butter, lard

Have we reached the food saturation point? Yes, in total pounds of food eaten by consumers. But food expenditures continue to rise as consumers alter their diets. And in the process, some foods are rising in popularity, while others are falling.



\$\$\$\$\$

Consumer demand — just what the buyer wants and how much of it — is an important influence on food prices. Many believe that continued upward price pressures are due to the fact that Americans — indeed all the world's industrialized nations — are eating more than ever, thus creating strong demand.

The saturation point

The record looks like this:

Why has percapita food consumption stabilized? For one thing we are a less physically active population. Office employees need fewer calories than farmers and laborers. In addition, we are eating our foods in more concentrated forms. Then too, as incomes increase, consumers choose to buy more built-in maid services (like pre-packaging and pre-cooking) rather than more food.

However, this does not mean consumer food expenditures have stabilized. Indeed, the trend in food expenditures is up:

Why are we spending more now, but eating less? Rising prices are the answer.

Part of this is due to inflation. But consumers are also buying higher-valued foods today. The additional services — processing, packaging, merchandising, and so forth — add to the value (and to the price) of food.

This is significant because increases in per-capita food consumption and population growth are the only ways that total food sales can grow. Americans reached ZFG (zero food growth) earlier in the century and are now approaching ZPG (zero population growth).

~~\$~~